Company Registration No. SC272941

DRONE HILL WIND FARM LIMITED

Annual Report and Financial Statements

31 December 2013

DRONE HILL WIND FARM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2013

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DRONE HILL WIND FARM LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

COMPANY INFORMATION

DIRECTORS

The following directors were in office during the financial year ended 31 December 2013 and subsequently, except where noted.

Name	Appointed	Resigned
Donald Lehman		30 September 2013
David Wilson		29 July 2013
Steven Hunter		1 October 2013
Roger Casement	29 July 3013	
Tihomir Mladenov	30 September 2013	

COMPANY SECRETARY

Donald Lehman		30 September 2013
Tihomir Mladenov	30 September 2013	

REGISTERED OFFICE

24 Great King Street
Edinburgh
EH3 6QN
United Kingdom

AUDITORS

Ernst & Young LLP
Chartered Accountants and Statutory Auditors
16 Bedford Street
Belfast
BT2 7DT

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

The principal activity of the company is the operation of a 28.6 megawatt (MW) wind farm in Scotland.

RESULTS AND DIVIDENDS

The company's profit for the financial year after taxation is £478,000 (2012: loss of £1,452,000).

The company has not declared any dividends during the year (2012: £nil). The directors do not recommend the payment of a dividend (2012: £nil).

BUSINESS REVIEW & FUTURE DEVELOPMENTS

The company achieved the first stage of commercial operation in July 2012 with the final stage starting in September 2012.

Key Performance Indicators
Given the nature of its business the company's directors have established a set of key metrics, or Key Performance Indicators (KPI's) to monitor the performance or position of the company's operations in the areas of operational and financial performance where applicable. The concept of 'continuous improvement' is a basis for all operations within the group.

KPI	**2013**	**2012**	**Variance**
Production – Megawatt hours (MWh)	58,897	29,138	102%
Wind Turbine Generator Availability	96.54%	96.19%	0.35%
RENCF – Revenue Equivalent Net Capacity Factor	23.5%	n/a	100%
EEAF – Equipment Equivalent Availability Factor	94%	n/a	100%
EEFOF – Equipment Equivalent Forced Outage Frequency	3.2%	n/a	100%
CA – Commercial Availability	95%	n/a	100%

The directors are not expecting a change in the principal activity of the company in the foreseeable future.

FINANCIAL RISK MANAGEMENT

The company's activities are exposed to a number of financial risks. The group to which the company belongs has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the levels of debt finance and related finance costs. The company does not use derivative financial instruments for speculative purposes.

Credit risk
The company's principal financial assets are bank balances, cash and other receivables. The company's credit risk is primarily attributable to its receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over large number of counter parties.

Market risk
Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. This includes the possibility that power prices will adversely affect the value of the company's financial assets, liabilities or expected future cash flows. The risk is limited in the power purchase agreement by an agreed floor price in the event the prices declined below that level.

DIRECTORS' REPORT

FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate cash flow risk
The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include bank balances which earn interest at variable rates. The company's interest bearing liabilities are mainly inter-group and bank loans which also bear interest at fixed/variable rates. Where appropriate, the company fixes the interest rate on inter-group loans to minimise the interest rate cash flow risk.

The board of directors regularly reviews the financial requirements of the company and the risks associated therewith. Hedging arrangements have been put in place to limit the exposure to interest rate risk. The company does not trade in financial instruments. Company operations are primarily financed from debt finance. In addition to the primary financial instruments, the company also has other financial instruments such as debtors, trade creditors and accruals that arise directly from the company's operations.

CHARITABLE DONATIONS

Contributions made by the company for charitable purposes were £36,000 (2012: £28,000).

DIRECTORS

The directors of the company who served throughout the year and to the date of these financial statements (except as noted) are given on page 1.

DIRECTORS' INDEMNITY

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006.

STRATEGIC REPORT

The directors have not prepared a strategic report as the company is entitled to the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

AUDITORS

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors in office at the date of approval of these financial statements is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Directors
and signed on behalf of the Board

Roger Casement
Director
25 June 2014

Company Registration No. SC272941

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DRONE HILL WIND FARM LIMITED

We have audited the financial statements of Drone Hill Wind Farm Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Keith Jess (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
27 June 2014

DRONE HILL WIND FARM LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	5,149	2,066
Cost of sales		(2,732)	(1,522)
GROSS PROFIT		2,417	544
Administrative expenses		(124)	(133)
OPERATING PROFIT	3	2,293	411
Interest receivable and similar income	7	4	7
Interest payable and similar charges	8	(2,549)	(1,870)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(252)	(1,452)
Tax on ordinary activities	9	730	-
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		478	(1,452)

All amounts are derived from continuing operations in both the current and preceding year.

There are no recognised gains or losses for the current or preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

DRONE HILL WIND FARM LIMITED

BALANCE SHEET
As at 31 December 2013

	Notes	2013 £'000	2012 £'000
FIXED ASSETS			
Tangible assets	10	35,330	36,627
CURRENT ASSETS			
Debtors			
- due within one year	11	2,083	1,976
- due after more than one year	11	730	-
Cash at bank and in hand		1,052	1,567
		3,865	3,543
CREDITORS: amounts falling due within one year	12	(3,650)	(4,483)
NET CURRENT ASSETS / (LIABILITIES)		215	(940)
TOTAL ASSETS LESS CURRENT LIABILITIES		35,545	35,687
CREDITORS: amounts falling due after more than one year	13	(32,386)	(33,122)
PROVISION FOR LIABILITIES AND CHARGES	15	(556)	(440)
NET ASSETS		2,603	2,125
CAPITAL AND RESERVES			
Called up share capital	17	1	1
Share premium	18	3,898	3,898
Profit and loss account	18	(1,296)	(1,774)
SHAREHOLDER'S FUNDS	19	2,603	2,125

These financial statements were approved by the Board of Directors on 25 June 2014.

Signed on behalf of the Board of Directors

RCasement

Roger Casement
Director

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have all been applied consistently throughout both the current and preceding year.

Basis of accounting
The financial statements are prepared under the historical cost convention.

The directors consider it appropriate to prepare the accounts on a going concern basis.

Cash flow statement
The company has taken advantage of the exemption granted in Financial Reporting Standard (FRS) 1 (Revised) not to produce a cash flow statement, since its ultimate parent company produces a consolidated cash flow statement including the cash flow of the company.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, customs duties and sales taxes.

Turnover
Turnover, which excludes value added tax, represents the invoiced value of services supplied together with accrued revenues and is recognised when supplies of electricity and related services are made.

Administrative expenses
Administrative expenses and similar charges are recognised in the Profit and Loss Account as the service is received.

Maintenance expenditure
Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised. All other maintenance costs are expensed as incurred.

Research expenditure
Research expenditure is expensed in the year in which it is incurred and recorded in administrative costs.

Interest
Interest is charged against income in the year in which it is incurred, unless capitalised as part of fixed assets in accordance with FRS 15"Tangible fixed assets".

1. ACCOUNTING POLICIES (CONTINUED)

Derivative and other financial instruments
The company is exempt from the disclosure requirements of section 2D (a) of FRS 29. The company is included in the consolidated accounts of the AES Corporation, which include the disclosures on a group basis that comply with this standard.

The company uses derivative financial instruments (derivatives) to manage certain exposures to fluctuations in foreign currency exchange rates and interest rates and to manage some of its margin exposure from changes in power prices.

All derivatives which are held for trading purposes and all power price derivatives held for risk management purposes are held on the balance sheet at fair value ('marked to market') with changes in that value recognised in earnings for the year.

Foreign currency translation
Transactions expressed in foreign currencies are translated into sterling at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the year end. Any resulting gains or losses are taken to the profit and loss account.

Leases
Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Tangible fixed assets
Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. The capitalised value of a finance lease is also included within tangible fixed assets. Depreciation is provided in equal annual instalments over the estimated useful lives of the assets. The estimated useful lives are:

Buildings	26 years straight line
Land	Not depreciated
Plant and machinery	25 years straight line

1. ACCOUNTING POLICIES (CONTINUED)

Assets under construction
Construction costs and other costs directly relating to the construction in progress are capitalised during the construction period, provided the completion of the project is deemed probable, or expensed at the time that the company determines that development of a particular project is no longer probable. Testing period revenues, if any are credited to construction costs. Assets under construction are not depreciated until ready for use.

Impairment of tangible fixed assets
The company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication of impairment exists or when annual impairment testing for an asset group is required, the company makes an estimate of its recoverable amount. An asset group's recoverable amount is the higher of its net realisable value and its value in use.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Debtors
Debtors are carried at the original invoice amount, less allowances made for doubtful receivables. Provision is made when there is objective evidence that the group will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Trade and other creditors
Trade and other creditors are carried at payment or settlement amounts. If the effect of the time value of money is material, trade and other creditors are determined by discounting the expected future cash flows at a pre-tax rate.

Interest bearing loans and borrowings
All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period.

Deferred financing costs
Deferred financing costs relate to issue costs incurred by the company on long term borrowings. Unamortised costs are amortised under the effective interest rate method on a pro-rata basis over the life of the loan to which they relate.

1. ACCOUNTING POLICIES (CONTINUED)

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate.
A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

Decommissioning
Provision for decommissioning costs is recognised when the company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that provision can be made. The amount recognised is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of the production and transportation facilities.

Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

Use of estimates
The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

2. TURNOVER

		2013	2012
	Geographical area	**£'000**	**£'000**
Energy generation	United Kingdom	5,149	2,066

3. OPERATING PROFIT

	2013	2012
	£'000	**£'000**
Operating profit is stated after charging:		
Depreciation of tangible assets	1,391	630
Operating lease payments	150	133

4. INFORMATION REGARDING DIRECTORS

The directors received total remuneration for the year of £1,001,000 (2012: £766,000), all of which was paid by various subsidiaries of the AES Corporation. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as employees of other companies within AES Corporation.

5. INFORMATION REGARDING EMPLOYEES

The company has no employees (2012: nil).

6. AUDITOR'S REMUNERATION

The auditor's remuneration for the audit of the company's annual financial statements amounted to £22,000 (2012: £26,000).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £'000	2012 £'000
Bank interest received	2	7
Foreign exchange	2	-
	4	7

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £'000	*(Restated)* 2012 £'000
Interest payable to group companies	992	428
Bank interest and similar charges	917	883
Interest on swaps	640	199
Foreign exchange	-	341
	2,549	1,851

9. TAX ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
Current tax		
UK corporation tax credit on profits for the period	-	-
Deferred tax		
Origination and reversal of timing differences	730	-
Tax credit on profit on ordinary activities	730	-

(a) Factors affecting the current tax charge

The difference between the total current tax shown above and the amount calculated by applying the standard of UK corporation tax to the profit before tax can be reconciled as follows:

	2013 £'000	2012 £'000
Loss on ordinary activities before taxation	(252)	(1,452)
Tax on loss on ordinary activities at standard UK corporation tax rate of 23.25% (2012: 24.5%)	58	356
Effect of:		
Permanent differences	(58)	98
Fixed asset timing differences	862	506
Other timing differences	(992)	(960)
Transfer pricing adjustments	130	-
Tax charge for the period	-	-

9. TAX ON ORDINARY ACTIVITIES (CONTINUED)

(b) Provision for deferred tax

The deferred tax included in the balance sheet is as follows:

	2013 £'000	2012 £'000
Deferred tax comprises:		
Accelerated capital allowances	1,666	1,119
Tax losses	(2,396)	(1,119)
Deferred tax asset	(730)	-

Movement in provision:	£'000
At 1 January 2013	-
Profit and loss account	(730)
At 31 December 2013	(730)

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and 23% (effective 1 April 2013) were substantially enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantially enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2013 has been calculated at 20%.

10. TANGIBLE FIXED ASSETS

	Decommissioned assets £'000	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost:				
At 1 January 2013	430	674	36,169	37,273
Additions	63	-	31	94
Transfers	-	1	(1)	-
At 31 December 2013	493	675	36,199	37,367
Accumulated depreciation:				
At 1 January 2013	9	40	597	646
Charge for the year	20	24	1,347	1,391
At 31 December 2013	29	64	1,944	2,037
Net book value:				
At 31 December 2013	464	611	34,255	35,330
At 31 December 2012	421	634	35,572	36,627

The amount of the capitalised interest within the cost of the tangible assets is £2,281,000 (2012:£2,281,000).

11. DEBTORS

	2013 £'000	2012 £'000
Amounts falling due within one year:		
Trade debtors	6	77
Other debtors	1	1
VAT recoverable	101	164
Prepayments and accrued income	1,975	1,734
	2,083	1,976
Amounts falling due after more than one year:		
Deferred tax asset (see note 9)	730	-
	2,813	1,976

12. CREDITORS: amounts falling due within one year

	2013 £'000	2012 £'000
Bank loans and overdraft (see note 14)	829	861
Trade creditors	28	811
Amounts owed to parent company	2,120	1,761
Amounts owed to group undertakings	53	260
Accruals	620	790
	3,650	4,483

13. CREDITORS: amounts falling due after more than one year

	2013 £'000	2012 £'000
Bank loans and overdraft (see note 14)	20,649	21,385
Loan provided by parent company	11,737	11,737
	32,386	32,122
The maturity profile of amounts owed to group undertakings as at 31 December is as follows:		
After five years	11,737	11,737

14. LOANS

Loans repayable, included within creditors, are analysed as follows:	2013 £'000	2012 £'000
Wholly repayable within five years	5,056	4,663
Not wholly repayable within five years	28,159	29,321
	33,215	33,984

Details of loans not wholly repayable within five years are as follows

8% fixed rate repayable by 22 February 2026	11,737	11,737
2.65% to 2.95% plus LIBOR secured bank loan	17,297	18,551
Issue costs	(875)	(967)
	28,159	29,321

The company has a bank loan facility secured by a charge over its assets. The company has drawn down £22,353, 000 (2012: £22,857,000).

Also included in the amount above are drawdowns on a £14million (2012: £14million) loan the company took out from its parent company, Your Energy Holdings Limited on 23 February 2011 The amount drawn down as at 31 December 2013 was £11,737,000 (2012: £11,737,000).

15. PROVISION FOR LIABILITIES AND CHARGES

Decommissioning asset	Total £'000
At 1 January 2013	440
Profit and loss	-
Additions during the year	116
At 31 December 2013	556

The company makes provision for the future cost of decommissioning the turbines and restoring the wind farm site on a discounted basis. At 31 December 2013, the provision for the costs of decommissioning at the end of their economic lives was £2,236,000 (2012: £2,347,000). The provision has been estimated using existing technology, at current prices and discounted using a real discount rate of 6% (2012: 7%). These costs are expected to be incurred over the remaining 24 years.

16. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Treasury activities take place in accordance with the relevant finance agreements under procedures and policies approved and monitored by the management to minimise the financial risk faced by the company.

The fair values of the derivatives held by the company at the balance sheet date, which have not been recognised in these accounts, are determined by reference to their market values. The value at 31 December is as follows:

Financial instrument	*Maturity date between*	2013 £000	2012 £000
Interest rate swap	31 August 2027 and 31 August 2030	2,148	3,930

17. CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
Called up, allotted and fully paid:		
100,000 (2012: 100,000) ordinary shares of £0.01 each	1	1

18. CAPITAL AND RESERVES

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2013	1	3,898	(1,774)	2,125
Profit for the year	-	-	478	478
Balance at 31 December 2013	1	3,898	(1,296)	2,603

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2013 £'000	2012 £'000
Opening shareholder's funds / (deficit)	2,125	(321)
Profit for the financial year	478	(1,452)
Share premium issue	-	3,898
Closing shareholder's funds	2,603	2,125

20. ULTIMATE PARENT COMPANY

The immediate parent company is Your Energy Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling entity, and parent of the smallest and largest group for which consolidated financial statements are prepared of which this company is a part, is the AES Corporation, a company incorporated in the State of Delaware, USA. Copies of the parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.

The company has taken advantage of the exemption granted by FRS 8 "Related Party Disclosures" not to disclose transactions with other undertakings that are wholly owned of the AES Corporation Group.